



Iowa Department of Human Services

Iowa Medicaid Update

House Human Resources Committee

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Medicaid Director

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Overview

- Purpose & Strategies
- WHO: Who is helped
- WHAT: What services are provided
- HOW MUCH: Cost of services
- Budget Drivers
- Looking to the Future: Challenges and Change



Purpose

The goal is for members to live healthy, stable, and self-sufficient lives.



DHS Strategies & Goals

- Improve Iowan's health status
- Promote behavioral health status
- Promote choice for seniors and persons with disabilities
- Effectively manage Medicaid



Who is Helped

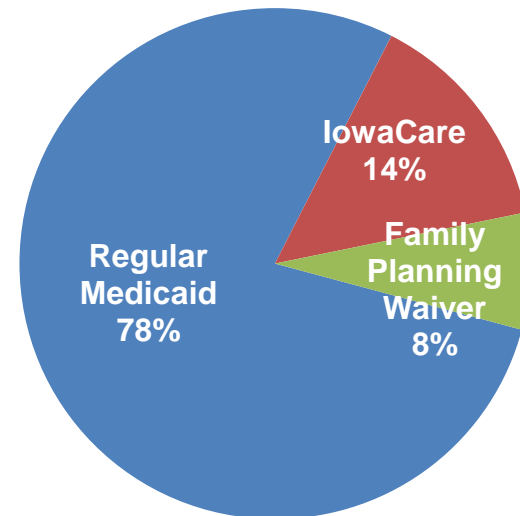
- Coverage for financially needy children, parents with children, people with disabilities, elderly people, and pregnant women.
- Projected to serve more than 684,000 (unduplicated) lowan's in SFY14 or 22.4 percent of Iowa's population; 712,000 (unduplicated) or 23.3% in SFY15.
- Iowa's second largest payor, processing nearly 33 million claims in SFY12.
- Not available to non-citizens.



Who is Helped

- Regular Medicaid
- IowaCare
- Family Planning Waiver

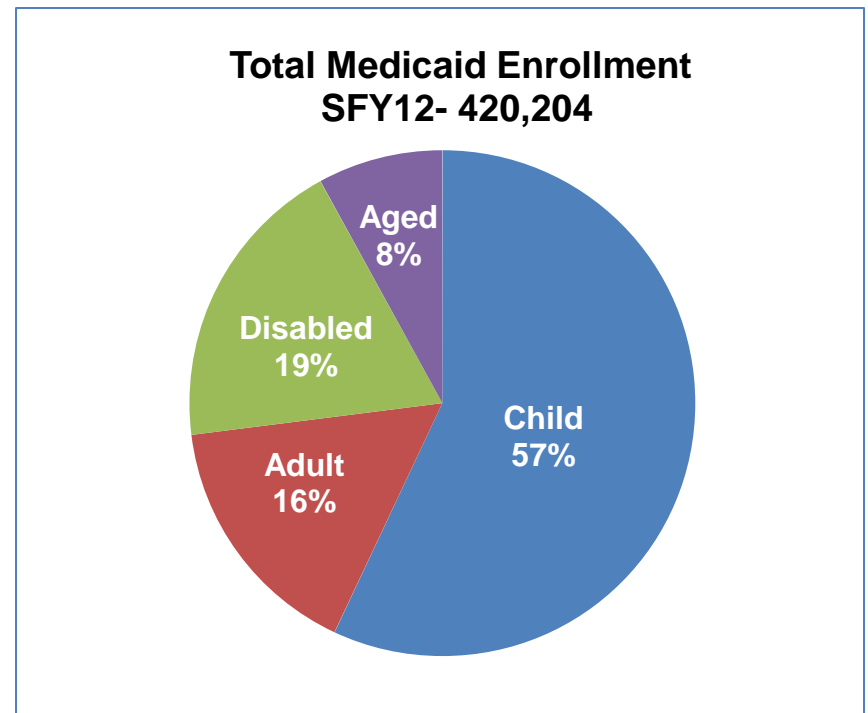
Average Medicaid Enrollment
SFY12-420,204





Who is Helped: Profiles

- Children
- Disabled Persons
- Adults
- Elderly

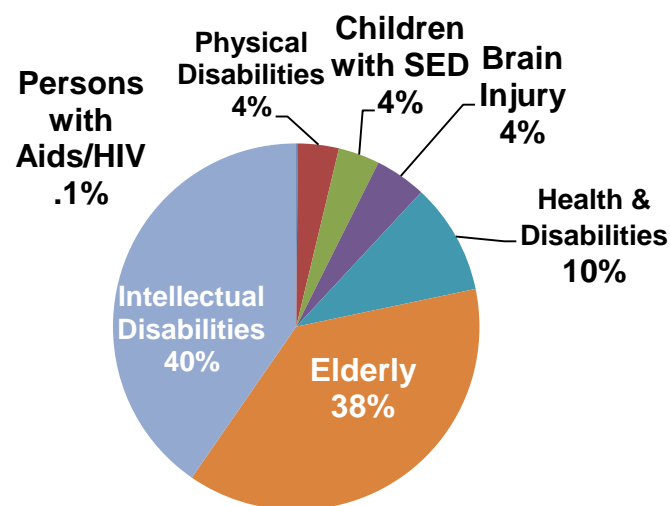




Services Provided

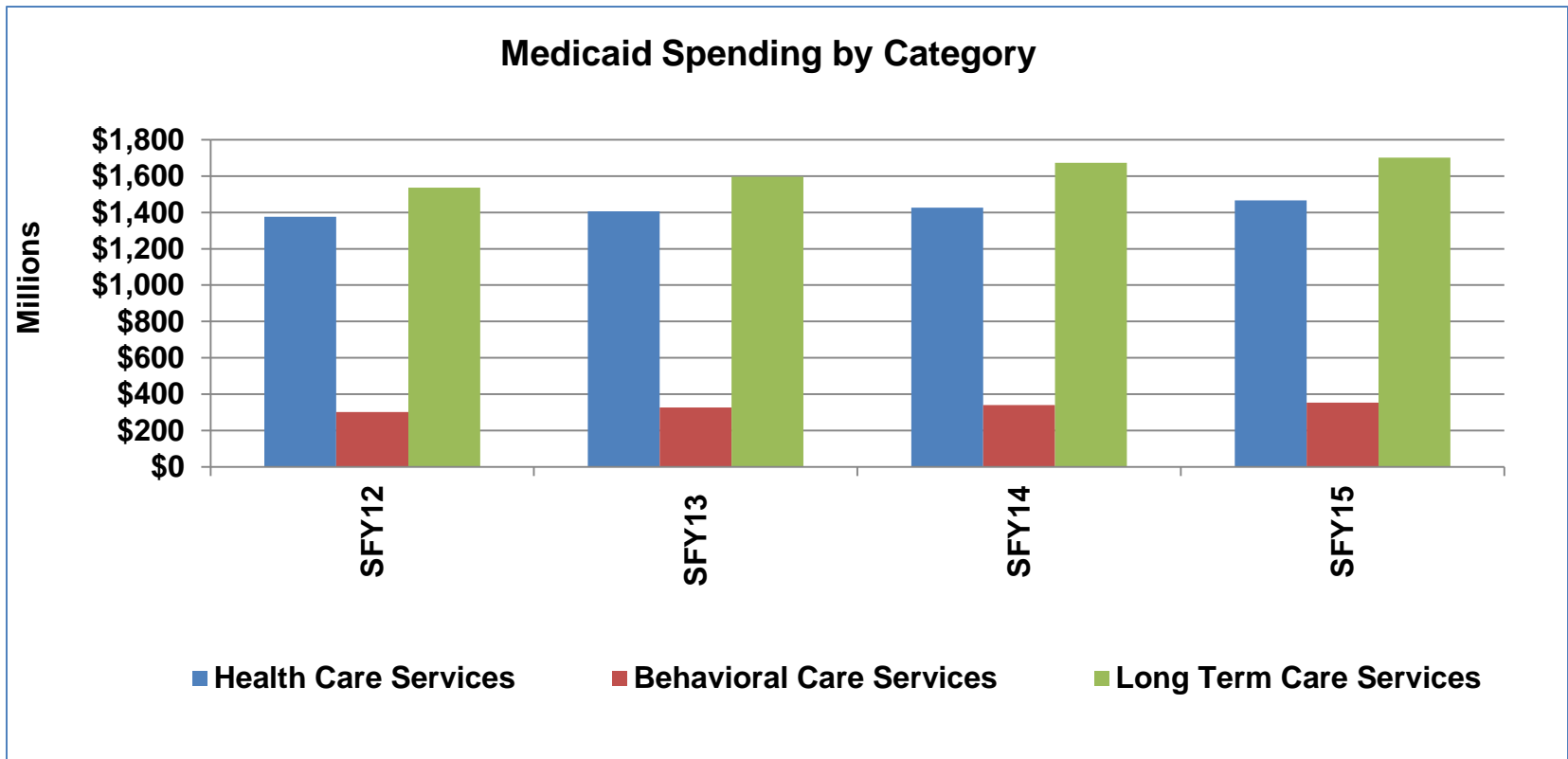
- Health Services
- Behavioral Care
- Long Term Care
- Home and Community Based Supports (including Waivers)

**HCBC Waivers Enrollment
SFY12**





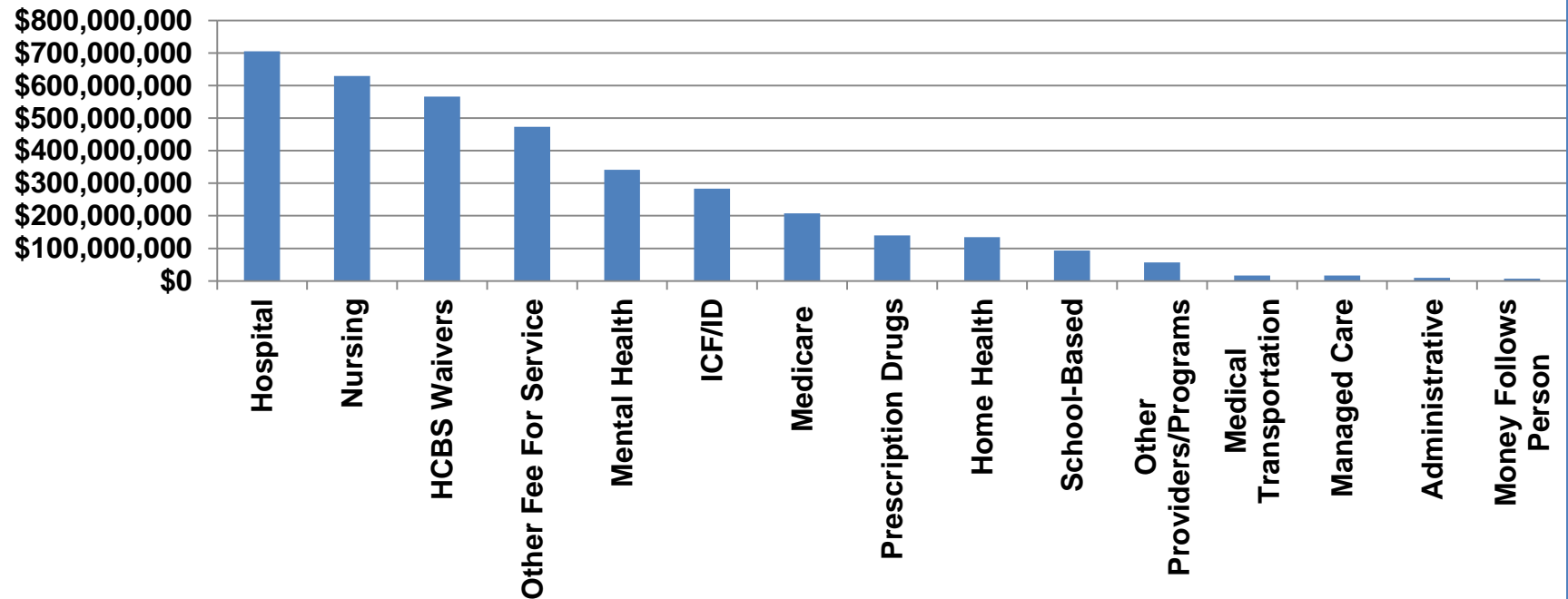
Services Provided





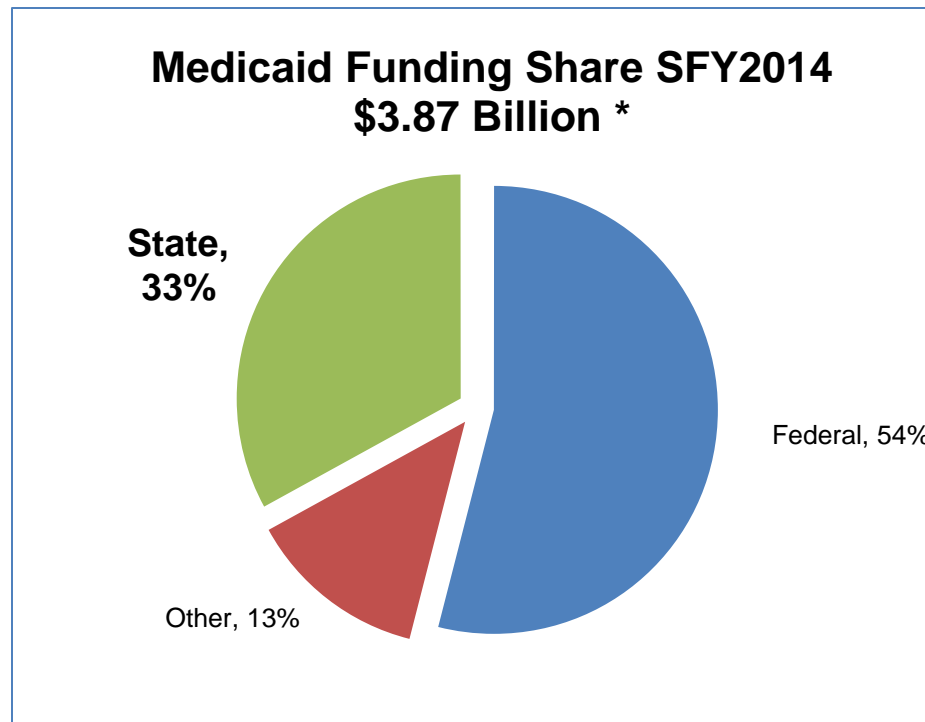
Services Provided

SFY14 Medicaid Expenditures by Provider Type \$3.6 Billion *





How much? State & Federal Partnership



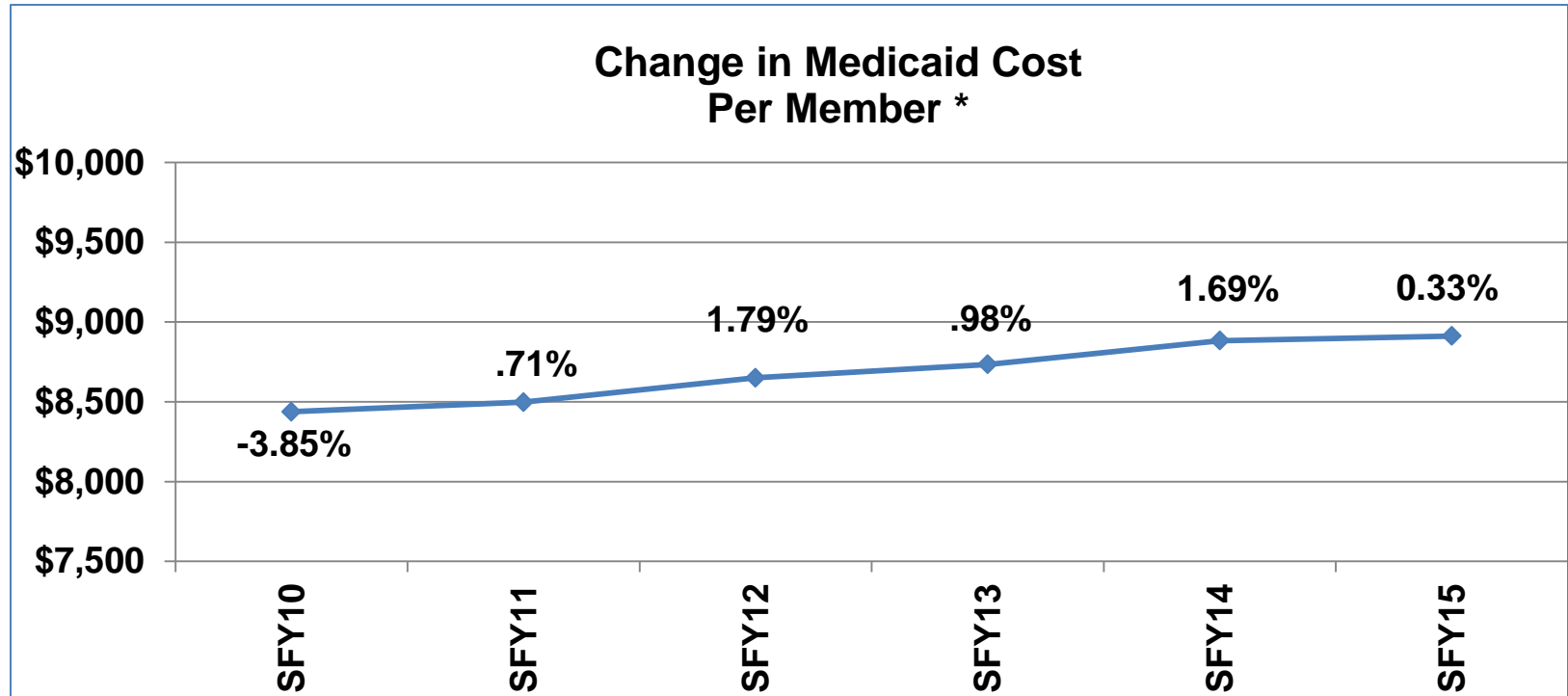


Cost of Services

- Cost per member growth remains low
- Largest growth in enrollment is children
- Chronic disease drives Medicaid costs; Five percent of members account for 48 percent of costs
- LTC expenditures account for nearly half of Medicaid expenditures

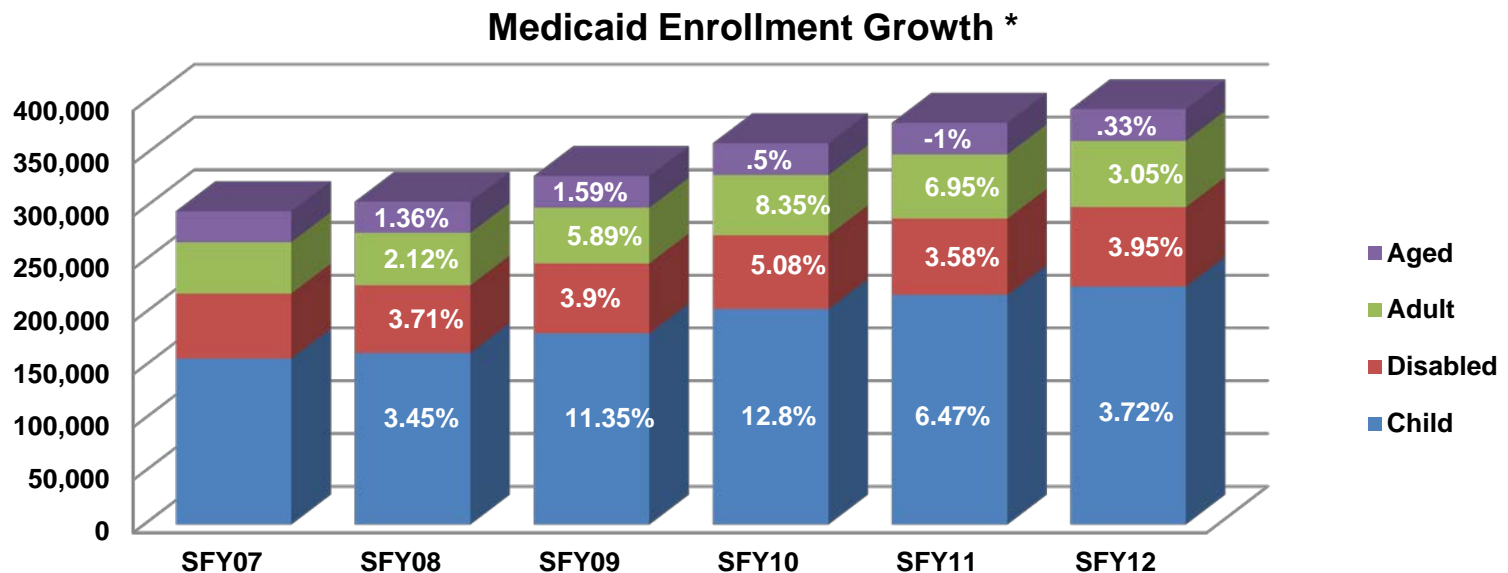


Cost of Services: Per member cost remains low



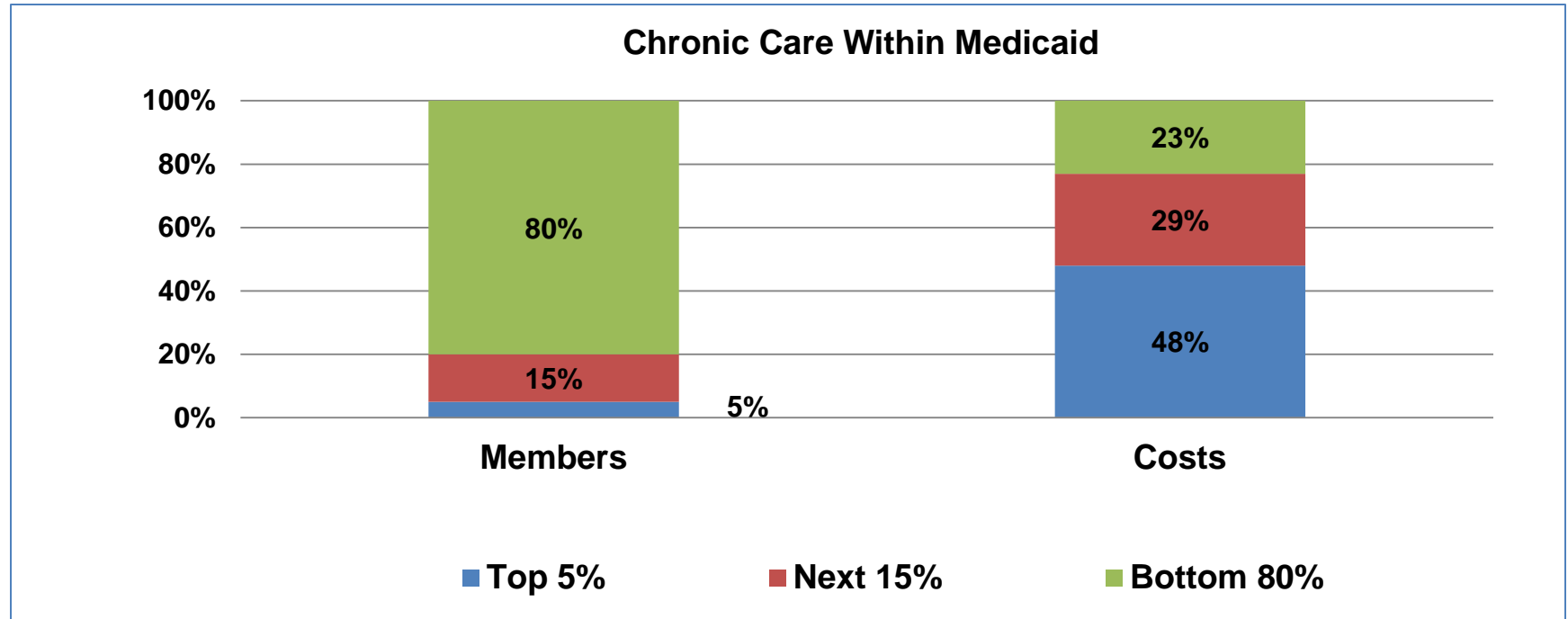


Cost of Services: Largest growth in enrollment is children





Cost of Services: Chronic disease drives costs





Top 5% High Cost/High Risk Members* Accounted for:

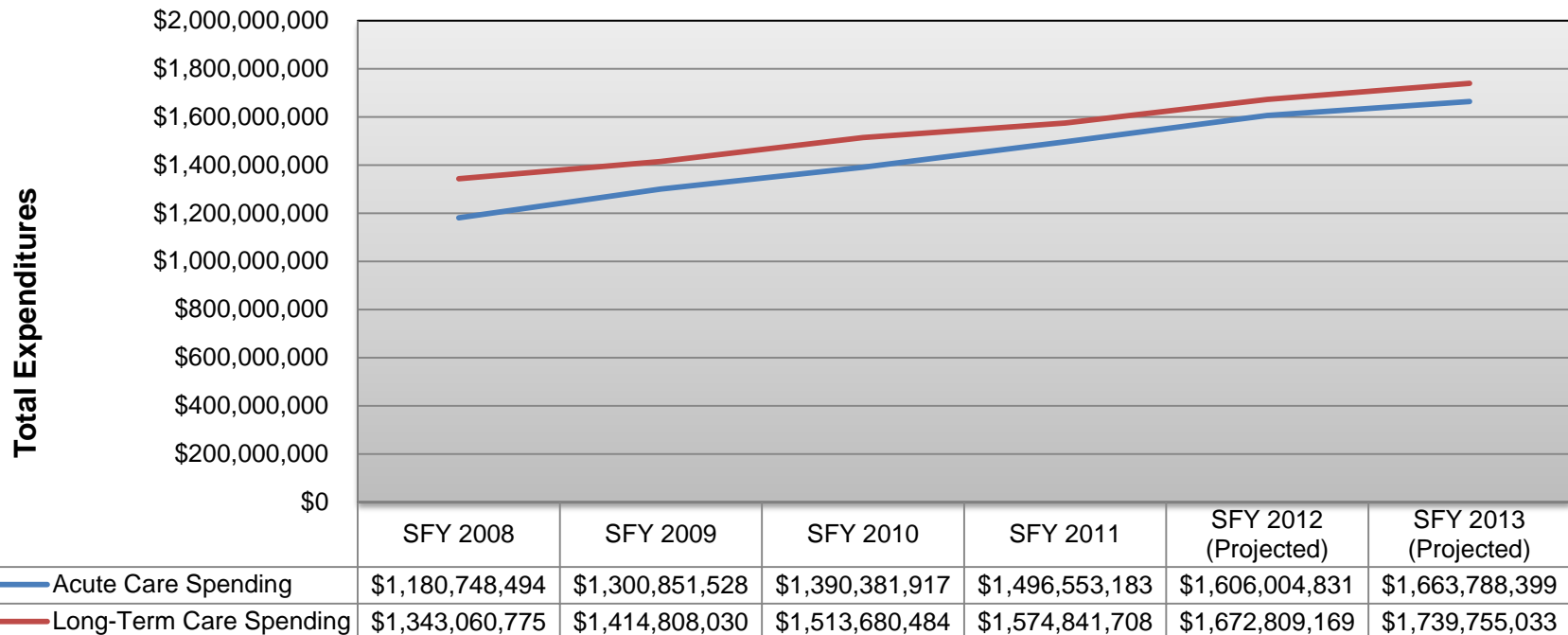
- 90% of hospital readmissions within 30 days
- 75% of total inpatient cost
- Have an average of 4.2 conditions, 5 physicians, and 5.6 prescribers
- 50% of prescription drug cost
- 42% of the members in the top 5% in 2010, were also in the top 5% in 2009

*Excludes Long Term Care, IowaCare, Dual Eligibles, and maternity



Long Term Care expenditures account for over half of Medicaid expenditures

**Iowa Medicaid Acute Care and Long-Term Care Spending
SFY 2008 - SFY 2013**



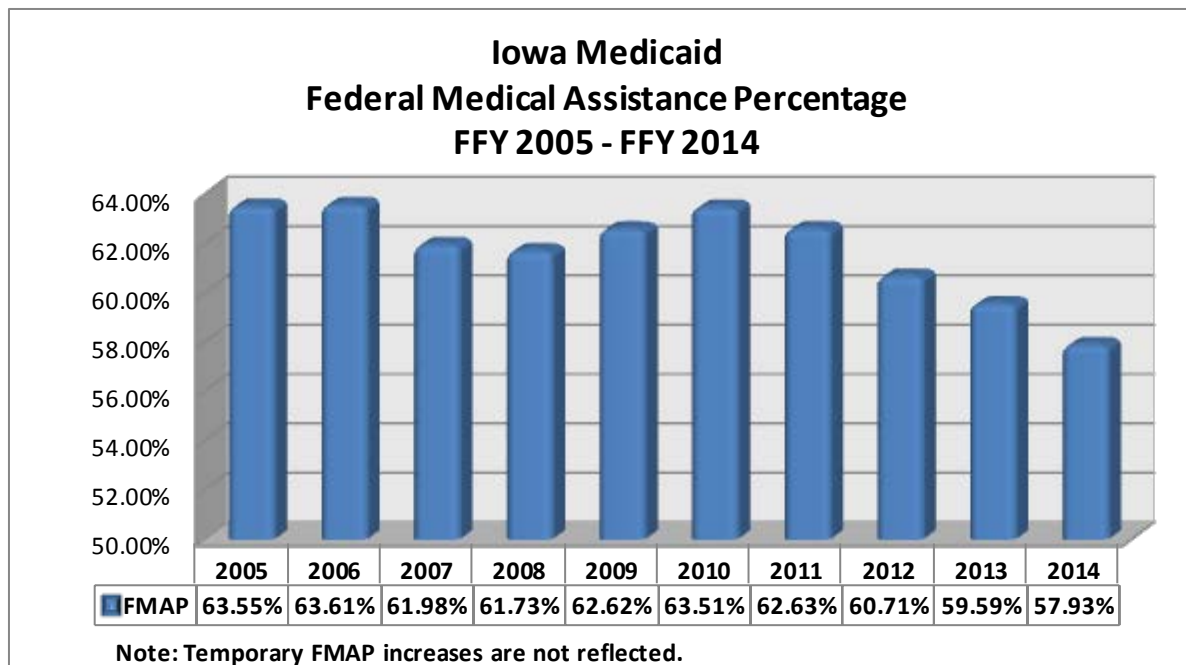


Budget Drivers: Recent Trends

- Enrollment Growth
- Declining Federal Match Rate
- Replacement of one-time funds
- Cost growth – Medicare premiums, rate increases



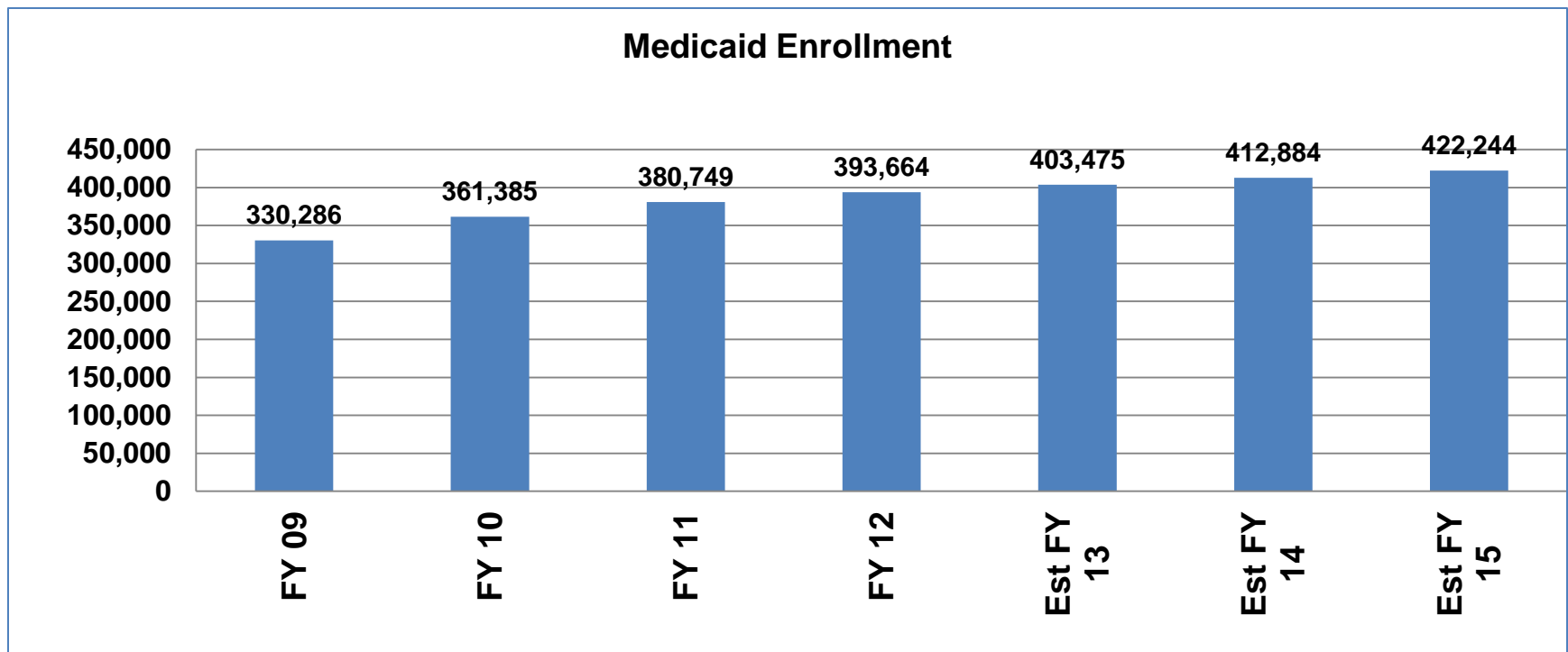
FMAP: 10 Year History



- Federal match rate is driven by formula in federal law based on each state's per capita income relative to each other.

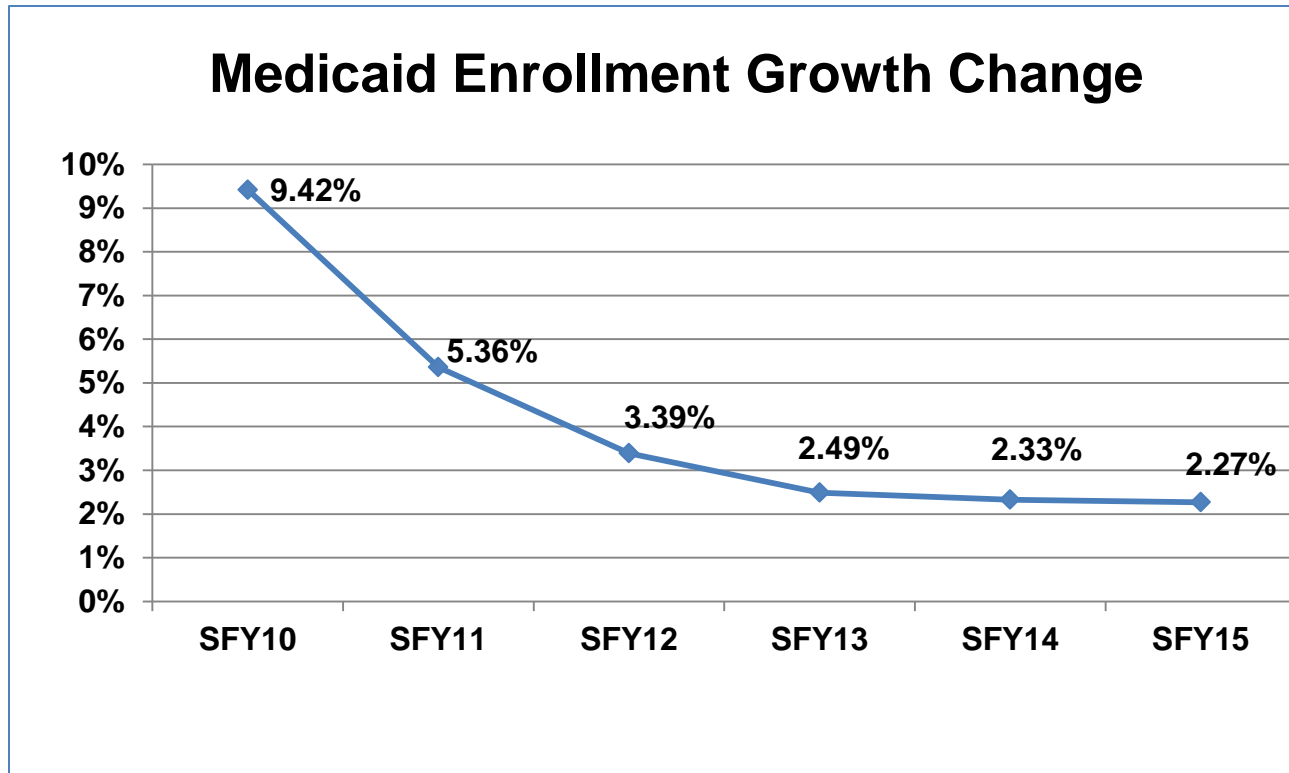


Enrollment History





Enrollment Growth





Governor's Budget: SFY 14 Budget Drivers

- Federal match rate (FMAP) decreasing
- Prior year shortfall - FY 13 Supplemental
- Replacement of one-time funds
- Nursing Facility Reimbursement Rate Rebasing
- Growth in enrollment / MHDS Redesign
- Cost Containment strategies to reduce budget impact



FY14 Governor's Budget

- \$14.3M for NF rebasing
- (\$30.1M) for cost containment savings
- \$15.6M below consensus mid-point
- \$14.4M above consensus low-point

State General Fund	FY 2013	FY 2014
General Fund	\$914,956,421	\$1,024,388,865
Proposed General Fund Supplemental	\$42,305,164	\$0
General Fund Total	\$957,261,585	\$1,024,388,865
FY 2014 Increase		\$67,127,280



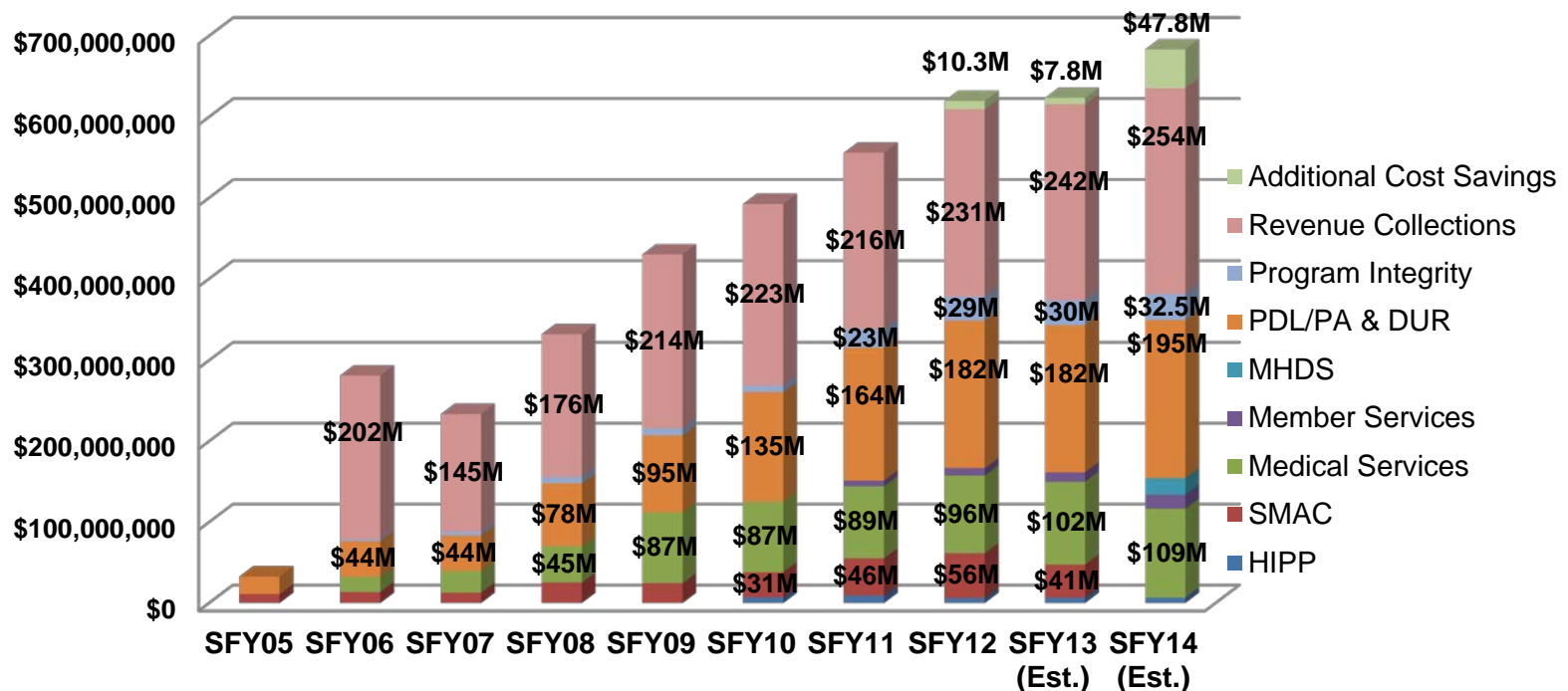
Medicaid Meets Challenges

- Program Savings and Additional Cost Containment Strategies
- Health Homes
- Balancing Incentive Payment Project (BIPP)
- Program Integrity
- ACO grant application



IME Management Savings

IME Program and Additional Cost Savings





Governor's Budget:

\$30.1M in Cost Containment Strategies to manage Medicaid Growth

- Increased limits on optional services
- Increased management of high cost services
- Eliminate coverage for elective cesarean sections
- Alignment of reimbursement rates for transportation services
- Program Integrity strategies
- Cost Report rule clarifications to reduce loopholes
- Implement standardized assessments for HCBS Waiver services
- Increased use of managed care
- Expansion of health home
- Reduce eligibility for groups covered by ACA Exchange



Health Homes

Comprehensive, coordinated care to members with chronic conditions

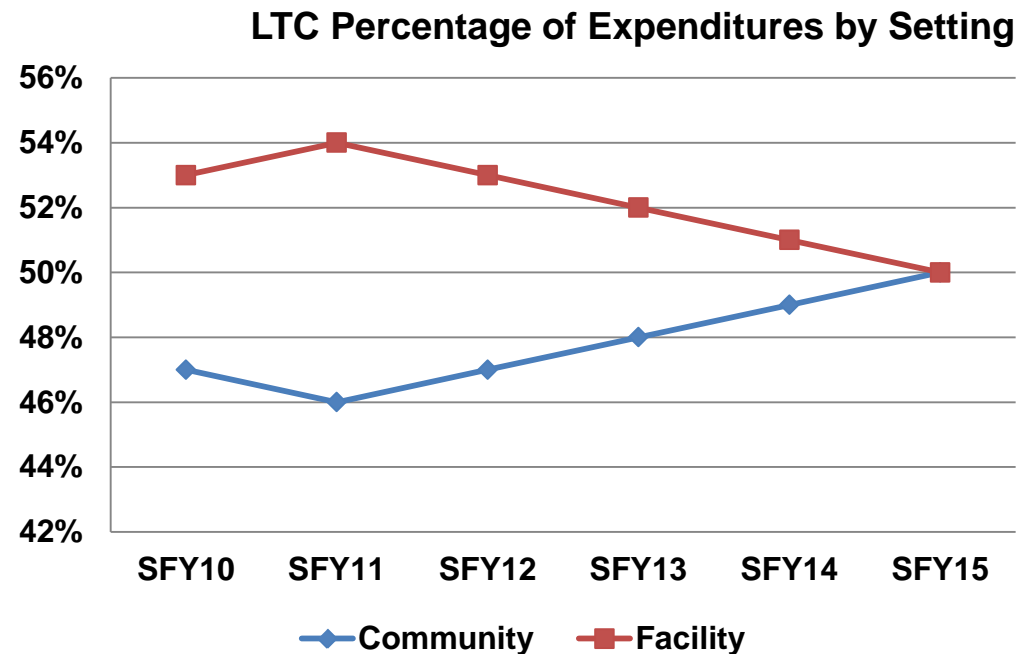
- November 1, 2012
 - 17 Health Homes
 - 20 counties
 - 52 clinic locations
 - 492 individual practitioners
 - 1,833 members



BIPP

Balancing Incentives Payment Program

- Greater access to home and community based services
- Reduced unnecessary reliance on institutional care
- \$61.8 million in enhanced federal matching funds





Program Integrity

- Current tools to fight fraud, waste, and abuse are too limited
- Increased federal expectations
- Iowa one of few states without a Program Integrity statute
- DHS will propose legislation this session



Medicaid ACO Opportunity

Improve value and align payment models

Why

- Health care delivery system is fragmented
- Reimbursement methods reward volume not value
- Cost of health care is unaffordable and unsustainable for citizens and taxpayers
- We need to increase quality/outcomes & lower cost

What

- ‘Accountable Care Organizations’ (ACO) are a reimbursement method that incents accountability for outcomes and lower costs
- Iowa provider systems are developing ACOs with Wellmark and Medicare
- Under Governor’s proposal, Medicaid would align with other payors



Medicaid Future

- Our state faces big decisions that will have major impacts on Medicaid and the health care delivery system
- IowaCare waiver expires 12/31/13: What comes next?
- Varied ACA impacts



Questions?

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